

**Proposed Amendment between California Energy Commission
and
Trustees of the California State University - San Diego**

Title: CSU - Small Grant Program
Amount: \$1,750,000.00
Term: 0 months
Contact: Patrick McCarthy
Committee Meeting: 12/1/2010

Funding

FY	Program	Area	Initiative	Budget	This Project	Remaining Balance	
10	Natural Gas	ETSI	Small Grants Program	\$1,750,000	\$1,465,900	\$284,100	16%
10	Natural Gas	General	Projects - Support	\$284,100	\$284,100	\$0	0%

Recommendation

Approve this agreement amendment with the Trustees of the California State University San Diego for \$1,750,000 in natural gas funding to continue administering the Energy Innovation Small Grant (EISG) natural gas research program. Staff recommends placing this item on the discussion agenda of the Energy Commission Business Meeting.

Issue

The EISG program is a component of the Public Interest Energy Research (PIER) program that is managed by the California Energy Commission. The purpose of the PIER program is to provide benefits to California electric and gas ratepayers by funding energy research, development and demonstration (RD&D) projects that are not adequately provided for by competitive and regulated energy markets. The Energy Commission recognizes the need for a program to support the early development of promising new energy technology concepts, a niche not covered by PIER general solicitations that focus primarily on development of established concepts. The Energy Commission established the EISG program to meet this need. The natural gas portion of the EISG program will exhaust its funds on or around December 31, 2010. Without additional funds, the program will no longer be able to conduct natural gas research.

Background

Since 1997, the Energy Commission has conducted the PIER program with a process of competitive solicitations to advance science and technology in each of the PIER research areas. However, the opportunity remains for supporting the healthy growth and development of new energy technology concepts through proof of concept and feasibility studies. Therefore, since 1998 the Energy Commission has also conducted the EISG program with the goal of funding new and innovative energy research concepts that, if proven feasible, will provide new paths to achieve benefits for California ratepayers.

The best measure of success of the EISG program is the follow-on funding awarded to successful EISG projects. The San Diego State University Research Foundation (SDSURF) conducts surveys of past

EISG awardees to discover the continued success of the EISG projects. As of a recent survey, past EISG awardees procured a total of approximately \$1 billion in follow-on funding from both the public (state and federal) and private sectors.

Proposed Work

The purpose of this research is to continue the PIER natural gas funded EISG program. The SDSURF has successfully administered the EISG program since 1998. Administration includes the posting of solicitations, administrative and technical review, hosting of the Program Technical Review Board, as well as the contract management of all individual research projects. The EISG program provides up to \$95,000 for hardware projects and \$50,000 for modeling projects to small businesses, non-profits, individuals and academic institutions to conduct research that establishes the feasibility of new, innovative energy concepts. Research projects must target one of the PIER RD&D areas, address a California energy problem and provide a potential benefit to California natural gas ratepayers.